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ABSTRACT

Information on the preliminary impacts of the Age Discrimination in Employment Act (ADEA) Amendments of 1978 on approximately 1900 private firms was obtained through mail and telephone surveys during Winter 1979. Findings from the study indicate that employers do not expect the ADEA amendments to have a significant impact on the retirement patterns of their workers. But employers expect that continued high rates of inflation combined with the option to continue working past age 65 may result in an end to the trend toward early retirement and/or in significant numbers of workers choosing to remain in the labor force past the normal retirement age. Inflation appears to be the primary factor which employers expect will affect retirement patterns. Mandatory retirement age policies were significantly associated with the size of the firm. As firm size increased, the incidence of mandatory retirement age policies also increased. Most employers who previously had a mandatory retirement age had chosen not to abolish the policy; instead, most employers simply raised the age to 70. Increasing numbers of firms were considering and/or implementing alternative work policies such as flexitime or part-time options. (Author)

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THE FUTURE LABOR FORCE PARTICIPATION
OF OLDER WORKERS AND THE EMPLOYMENT
ENVIRONMENT

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INTRODUCTION

During the past few decades older worker labor force participation rates have been steadily declining in the United States.¹ At the same time employers have increasingly instituted early retirement, mandatory-normal retirement, and involuntary early retirement policies. Numerous studies² have also confirmed a steadily growing trend toward early retirement among employees. As recently as the early 1970's many social scientists--including some economists--were extolling early retirement as one solution to the problems of unemployment. Through the mid-seventies, planned early retirement had come to be considered a normal, reasonable, and in many cases desirable stage in a worker's life.³

In recent years a number of factors have resulted in a rethinking, and possibly a reversal, in the perception of social scientists and policy-makers on the subjects of early retirement, involuntary early retirement, and mandatory retirement at age 65. The increased interest evidenced in older workers and in their retirement patterns is primarily associated with the following factors:

1. The controversy over mandatory retirement policies and the passage of the Age Discrimination in Employment Act (ADEA) amendments of 1978.
2. The mounting costs of Social Security retired-worker benefits.
3. The graying of the American labor force.⁴
4. Passage of the Employee Retirement Income Security Act (ERISA) and the increasing costs of private pensions.⁵
5. Double-digit inflation and its effect on fixed retirement incomes.

These and other factors have resulted in new evaluations of those retirement

policies which discourage the continued labor force participation of older workers.

Retirement patterns in any nation reflect the economic, social, and political policies of that country. In the United States retirement at age 65 or earlier became increasingly common in the last two decades as liberalized Social Security payments and the expanded private pension coverage enabled increasing numbers of workers to choose to withdraw from the labor force while maintaining an adequate standard of living. During the past few years, high rates of inflation have steadily eroded the value of fixed pension incomes and consequently the desirability of retiring on a fixed pension.

For example, assuming a currently conservative constant inflation rate of 7%, the purchasing power of a \$10,000 pension will be cut to \$7000 in five years (Time 1) and \$4800 in 10 years (Time 2). Obviously, the earlier a person retires on a fixed income, the more severe the erosion of retirement income. If in the above example the employee had elected to remain in employment and had received pension increases for an additional five years, the initial pension income would be greater and the purchasing power of the pension at Time 2 would be considerably higher.⁶

If inflation continues at its present double digit rate, it will become more and more difficult to maintain an adequate standard of living for retirees who do not expect Social Security payments to be a major source of retirement income. While Social Security benefits are indexed to the cost of living, typically private pension levels and savings are not. Although there has been increased pressure for cost of living adjustments in pension plans, such as in the recent United Auto Workers negotiations, employers have generally not provided such adjustments due to

the high cost. Consequently, most employees in the private sector should consider the impact of inflation on fixed pension incomes when making their retirement decisions.

Given the eroding purchasing power of fixed pension incomes and savings due to high rates of inflation, and the opportunity for productive employees provided by the ADEA amendments to work until age 70, many persons concerned with retirement issues have expected to see the beginning or a reversal in the trend toward early retirement and a lengthening of the work life in the U.S. in the near future. A Harris poll on American attitudes toward pensions and retirement commissioned by Johnson and Higgins⁷, conducted during August 1978, seemed to provide the first strong indications that American attitudes and plans concerning retirement were beginning to change significantly. The Harris poll asked a series of questions related to current and retired workers' attitudes toward work and retirement. Among current employees, a total of 51% stated they would prefer to continue with some type of employment rather than retiring:

- 8% would prefer to retire at a normal or early retirement age and take a job with another employer;
- 14% would prefer to continue working at the same job for the same pay for as long as they could;
- 24% would prefer to work part-time as long as they could.⁸

When asked which retirement arrangement they were most likely to do, 49% continued to indicate that they planned to continue working instead of retiring early or at normal age.⁹ Although 81% of the retired workers surveyed were not employed at the time of the survey (5% worked full time) many expressed a positive attitude toward employment. Asked to assume that they had an adequate retirement income, 53% said they would have preferred to

continue in some kind of employment--22% at the same job for the same pay.¹⁰ Although problems in instrumentation may have resulted in biases in the reported data from the Harris poll, nevertheless the survey findings were the first data which purported to uncover a change in American attitudes toward work and retirement.

Whether the attitudes expressed by the sampled employees will be reflected in their actual retirement decisions and behaviors is unknown.

At the present time, no other major study results have been published which substantiate the findings of the Harris poll. In the following section I will briefly discuss the findings of several recent studies of both employers and employees. Although one would expect continued high inflation rates to have effects on retirement decisions, there is currently no indication that retirement patterns in the U.S. will change in the near future.

Dr. Herbert Parnes, director of the National Longitudinal Studies and a consultant on the P.S.U. Institute on Aging research project, reports that his findings in the longitudinal surveys of middle-aged and older men have not detected a reversal in the trend toward early retirement up through 1976.¹¹ He writes,*

Among men 55 to 59 years of age, for example, the labor force participation rate dropped by more than 10 percentage points between 1966 and 1976. Thus, the increasing liberality of public and private pensions is also reflected in the data, perhaps along with cultural changes that have made retirement more acceptable to men at earlier ages. In this context, plans for early retirement (i.e., prior to age 65) show a continuous increase over the decade. Confining attention to those men who had not yet reached age 65 by 1976, the proportion who reported either that they had already retired or that they intended to do so prior to age 65 doubled--from about one-fourth in 1966 to slightly over one-half in 1976. Thus, although some have questioned the likelihood of a continuation of the trend toward earlier retirement, there was certainly no

* The following is a summary of Dr. Parnes's more lengthy statement.

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evidence of either a reversal or an attenuation as late as 1976. It must be acknowledged that there are some recent contrary indications....High rates of inflation and the prospect of their continuation have been seen as a factor operating to reverse the trend toward early retirement. On the other hand, if there has been a reversal, there have been no clear evidences of it in overt behavior even by early 1979. It is true that the labor force participation rate of men 65 and older increased very slightly between 1977 and 1978--from 20.1 to 20.5 percent--but the average rate in the first five months of 1979 was slightly below the rate for the corresponding period of 1978 (20.0 versus 20.2 percent). The participation rate for men 55 to 64 continued to decline between 1977 and 1978 (from 74.0 to 73.5 percent), and the same was true as between the first five months of 1978 and the first five months of 1979 (from 73.2 to 73.1 percent). Only the passage of time will provide a definitive answer to the question. We are eagerly awaiting the results of the 1978 survey of our sample.¹²

Charles D. Spencer Associates, Inc. surveyed 100 large employers representing a cross section of larger employers throughout the U.S. to determine the impact of the ADEA amendments. The study, conducted in June 1979, found that the majority of the employers agreed with the statement that there would be no changes in retirement patterns over the near term. Although 39 agreed that more employees would retire between 65 and 70, almost without exception these companies expected the numbers of workers to be relatively few. The study concluded that the single issue that may determine whether present retirement patterns continue is inflation.¹³

Institute on Aging Survey of 1970 Employers

During the winter of 1979 the authors conducted a mail survey of over 5000 private firms employing 20 or more workers. 1636 firms responded. The sample was randomly selected from their files by Dun & Bradstreet, Inc. An additional 256 large firms employing 500 or more workers were surveyed by telephone. The telephone sample, stratified by firm size and industrial sector, was also randomly selected by Dun & Bradstreet, Inc. Employers who had a mandatory retirement age prior to the ADEA amendments were asked to

predict the proportion of their white and blue collar workers who would work beyond the firm's previous mandatory retirement age. The responses reported for white collar and blue collar workers are summarized in the following table:

PROPORTION OF WORKERS EXPECTED TO WORK BEYOND THE FIRM'S
PREVIOUS MANDATORY RETIREMENT AGE WITHIN
THE NEXT FIVE YEARS: MAIL SAMPLE

White Collar Workers:

	None	1-5%	6-10%	11-25%	26-50%	51-100%	TOTAL
Percentage of Firms (N=291)	32.3%	40.2%	16.9%	4.1%	3.4%	3.1%	100%

Blue Collar Workers:

	None	1-5%	6-10%	11-25%	26-50%	51-100%	TOTAL
Percentage of Firms (N=237)	33.8%	43.9%	11.4%	6.3%	2.5%	2.1%	100%

It is evident from the table that most employers are not anticipating major shifts in retirement due to the raising of the mandatory retirement age. Almost one third of the employers expect no workers to continue to work past the previous mandatory retirement age. Approximately, one in four of the respondents expect less than five percent of their older workers to continue in employment. Only a small number of firms, approximately six percent, expect that more than twenty-five percent of their employees will remain past the previous mandatory retirement age. Thus, the firms most directly affected by the ADEA amendments - those who previously had a mandatory retirement age policy - generally do not anticipate that the legislation will have a major effect on the retirement pattern of their workers in the near future.

Firms which had no mandatory retirement age policy in 1978 were asked a parallel set of questions. Their responses are reported in the following table:

PROPORTION OF WORKERS EXPECTED TO WORK BEYOND AGE SIXTY-FIVE IN THE NEXT FIVE YEARS: MAIL SAMPLE

White Collar Workers:

	None	1-5%	6-10%	11-25%	26-50%	51-100%	TOTAL
Percentage of Firms (N=547)	63.4%	28.3%	3.2%	1.5%	0.9%	2.7%	100%

Blue Collar Workers:

	None	1-5%	6-10%	11-25%	26-50%	51-100%	TOTAL
Percentage of Firms (N=416)	70.8%	21.2%	3.4%	1.0%	1.0%	2.6%	100.0%

The respondents who did not have mandatory retirement policies expect smaller percentages of workers to remain past age 65 than did employers who had previously mandated retirement at a designated age. Approximately sixty-three percent of the firms expect no white collar workers to continue working past age 65, and seventy percent expect no older blue collar workers to continue in employment. Only approximately four percent expect more than twenty-five percent of their employees to remain working past age 65. Nearly ninety-five percent of the firms expect less than ten percent of their workers to continue past age 65.

In the telephone sample of large firms, eighty-six percent of the respondents who previously had a mandatory retirement age expected to have employees remain past age 65, but the percentage of workers is unknown. As in the mail survey, a smaller percentage of the large firms in the telephone survey who did not have mandatory retirement policies in the past expect to have workers remain past age 65. Seventy-four percent of the firms who did

not have a mandated retirement age expected to have workers remain past age 65.

In summary, the firms responding to both the mail and telephone surveys do not expect the ADEA amendments to have a major impact on the retirement decisions of their white and blue collar workers in the near future. Firms who previously did not have mandatory retirement age policies expect fewer older workers to remain past age 65, than did firms who in the past have had mandated retirement age policies. The differing expectations are probably based on past experience - i.e., firms who did not have a mandatory age policy have years of experience on which to base their estimates of future retirement patterns.

Continued inflation is expected to have an effect on the retirement decision. If inflation continued at a high rate, fifty-two percent of the mail respondents believe it is very likely that employees would forego early retirement, twenty-four percent indicate that it is very likely that employees would retire at the normal retirement age, and forty-two percent believe employees would wish to continue working past age 65. Thirty-nine percent of the employers do not believe that continued inflation would affect workers' retirement plans. The large employers in the telephone survey expect inflation may have a greater impact on the retirement decisions of their workers than did the respondents to the mail survey. Twelve percent of the large employers in the phone survey expect continued high rates of inflation would result in their employees foregoing early retirement. Seven percent would expect employees to choose to retire at the normal retirement age and sixty-two percent expect that continued high rates of inflation would result in workers choosing to work past the normal retirement age. Clearly, large

employers expect inflation to play a major role in determining future retirement patterns.

As in the survey of employers by Charles Spencer, Assoc., reported earlier, employers appear to expect inflation to be the primary factor in changing retirement patterns if such a shift occurs. Respondents do not expect raising the mandatory retirement age or eliminating involuntary retirement to have a significant effect on retirement decisions of their employees. But, continued high rates of inflation combined with the option to continue working may result in a reversal of the trend towards early retirement and a lengthening in the worklife of their employees.

The Employment Environment for Older Workers

The ADEA amendments have resulted in many firms changing their pension, fringe benefit and personnel policies. Time and space preclude extended comments on employer's alterations in such policies. A brief summary of the major changes are presented in the following discussion.

Ninety-two percent of the respondents to the mail survey do not expect the ADEA amendments to have any effect on their hiring policies for older workers, but approximately five percent do expect to hire fewer older workers due to the passage of the legislation. Ninety-one percent of the large employers in the phone survey do not expect the ADEA amendments to affect their older worker hiring policies, while six percent expect the legislation to result in their hiring more older workers. Slightly more than half of the telephone respondents indicated that they did not agree that employers discriminate against older workers. This finding contrasts with a 1974 Harris Poll which found that 87% of employer respondents agreed that employers discriminate against older workers.

Pension Plans

A mandatory retirement age is a frequent provision in a pension plan. In the telephone sample approximately two-thirds of the respondents indicated that their mandatory retirement age was part of their pension or profit-sharing plan. The comparable figure for the mail sample was 52%. The common inclusion of a mandatory retirement age in pension plans meant that many pension plans had to be altered to comply with the ADEA amendments.

By far the majority of persons employed by the sampled firms work for firms which provide pension coverage for all or part of their labor force. Eighty-five percent of the employees covered by the mail survey and 93% of the telephone sample employees work for firms which have pension plans. Although a pension plan is provided by an employer, all the employees of a firm are not covered. The actual number of workers covered by pension plans was 318,615 or 64%* of the mail sample employees, and 915,190 or 62% of the phone sample employees.

Information on pension plans was collected in three sets of questions on both the mail and telephone surveys. Firms with pension plans provided information on plans covering all employees including white and blue collar workers or on plans covering only white collar workers and/or plans covering only blue collar workers. The following sections include data on only white and blue collar pension plans. Pension plans covering both categories of workers were reported by 526 firms in the mail sample and 141 firms in the telephone sample. These plans covered a total of 183,176 workers in the mail sample and 716,820 employees in the telephone sample.

Mail Sample of Firms

Mandatory retirement age policies in their pension plans were reported by

*Note: In a considerable number of cases the total number of workers reported was identical to the number of workers covered by pension plans. The authors conclude that the number of workers covered is lower than the figure reported.

approximately one-third of the respondents. Such policies were significantly associated with industrial sector and the size of the firm. Twenty-two percent of the pension plans covering both white and blue collar workers and which were provided by firms employing 20-49 workers had mandatory retirement age policies compared to approximately one-half of the firms with 500 and more workers. Such policies were more common in firms in the transportation, communication and utilities, and the finance, insurance and real estate sectors.

Early involuntary retirement policies were prohibited by the ADEA amendments. This prohibition directly affected the twenty-nine percent of the firms which had such policies (See Table 1). Involuntary early retirement policies were not significantly related to either the size of the firm or the firm's industrial sector. One-half of the firms which had involuntary early retirement reported that 55 was the earliest age at which employees could be retired. The two other most frequently reported ages were 60 and 62 years.

Approximately sixteen percent of the respondents indicated they planned to raise the normal retirement age to 70 years. The normal retirement age, the age at which full retirement benefits become available to the employee, is a key factor in determining the retirement age. The normal retirement age in most pensions in the United States is 65 years. Raising the age to seventy may have a significant impact on the retirement ages of employees covered by these pensions. There was no significant association between industrial sector or organizational size and the expectation that the normal retirement age would be raised. (See Tables 2 and 3) The firms raising the normal retirement age in their pension plans employ over 160,000 workers. The questionnaires did not provide any additional information on the reasons the firms were raising their normal retirement age, but we hope to explore this question in a further study.

Table 1

Incidence of Involuntary Early Retirement Age
Policies in Pension Plans
For all Employees: Mail Sample

Yes	29%
No	71%

Involuntary Early Retirement Ages in Pension
Plans Covering All Employees

Age in Years	Percent of Firms Reporting
50	3%
55	50%
59	1%
60	17%
62	22%
65	<u>7%</u>
Total	100%

Table 2: RAISING THE NORMAL RETIREMENT
AGE BY ORGANIZATIONAL SIZE*

Organizational Size (Total Number of Employees)	Expect To Raise The Normal Retirement Age			Total
	Yes	No	Will Be Collectively Bargained	
20-49	13%	81%	6%	100%
50-99	16%	80%	4%	100%
100-249	19%	74%	7%	100%
250-499	19%	79%	2%	100%
500 & Over	20%	74%	6%	100%

$$\chi^2 = 4.80$$

p = .78 *Not Significant at .05 level

n = 445

Table 3: EXPECT TO RAISE THE NORMAL RETIREMENT AGE
BY STANDARD INDUSTRIAL CLASSIFICATION:
MAIL SAMPLE*

Standard Industrial Classification	Yes	No	Will Be Collectively Bargained	Total
Agriculture	22%	78%	0	100%
Mining	0	100%	0	100%
Contract Construction	17%	67%	16%	100%
Manufacturing: Non-Durable	11%	89%	0%	100%
Manufacturing: Durable	13%	81%	6%	100%
Transportation, Communi- cation & Utilities	8%	80%	12%	100%
Wholesale Trade	16%	76%	8%	100%
Retail Trade	15%	76%	9%	100%
Finance, Insurance and Real Estate	22%	78%	0	100%
Services	22%	76%	2%	100%

$$\chi^2 = 24.81$$

$p < .13^*$ Not significant at .05 level

$n = 479$

Congress deliberately did not require that pension benefit accruals be provided by the employer past the normal retirement age. Consequently, continuing pension benefit accruals after the normal retirement is left to the discretion of the employer. While not requiring benefit accruals, federal guidelines will reward firms which provide them. Plans which are integrated with Social Security benefits need not "freeze" the Social Security offset at any age prior to actual retirement provided that pension benefit accruals are allowed up to the actual retirement age.

Fifty-nine percent of the firms in the sample indicated that their pension plans permit pension benefit accruals after age 65. These firms employed 84,739 workers. Another seven percent indicated they expected their plan to be modified to allow such accruals. Thus, sixty-seven percent of the firms will permit pension benefit accruals after the normal retirement age in the near future. Permitting accruals was not significantly associated with either organizational size or industrial classification.

Of the firms which will permit accruals nearly three-fourths will provide service credits, wage increases and/or continued contributions to defined contribution plans after the normal retirement age. The provision of wage increases will perhaps have the most significant effect on eventual retirement income for persons in defined benefit plans. This provision is significantly related to the size of the firm with larger firms more likely to permit wage increases after the normal retirement age.

The large percentage of firms which permit pension benefit accruals past the normal retirement age may encourage older workers to remain in the labor force. Certainly, the voluntary decision to permit such accruals reflects a

sense of equity on the part of employers and perhaps an attempt to encourage older workers to remain in employment.

Telephone Sample

Among the large employers sampled in the telephone survey, nineteen percent of the pension plans for both white and blue collar employees were multi-employer plans. Unlike the plans of the firms in the mail survey, the scope of the plans was not significantly related to organizational size or industrial sector. Twenty-nine percent of the plans are collectively bargained. The larger firms of the telephone sample reported a higher incidence of defined benefit plans, sixty-seven percent, than did the firms in the mail survey. Again the type of plan was significantly related to the size of the firm ($p < .01$) and its industrial sector ($p < .02$). The larger the firm the more likely it was to have a defined benefit plan. Firms in the manufacturing, transportation, communication and utilities, and the finance insurance and real estate industries had the highest percentages of defined benefit plans.

Six out of ten of the firms reported that their pension plan had a mandatory retirement age policy. The plans of larger firms and those in the transportation, communication and utilities sectors had the highest percentages of mandatory retirement age policies. The large firms in the phone sample reporting a mandatory retirement age employ 823,538 workers.

Slightly over one half of the businesses had involuntary early retirement policies in their pension plans which had to be eliminated to comply with the ADEA amendments. As in the mail sample, the size of the establishment and its industrial sector were not significantly related to early involuntary retirement policies. Approximately sixty percent of the respondents reported age 55

as the earliest age at which involuntary retirement was allowed.

The expectation that the normal retirement age would be raised was not significantly associated with organizational size or industrial sector but approximately fifteen percent of the plans covering both categories of workers will raise their normal retirement age to 70 years. The firms raising the normal retirement age in their pension plans employ 128,974 workers.

As mentioned previously, employers are not required by the IDEA amendments to provide pension benefit accruals after the normal retirement age. A smaller percentage of the large firms in the telephone survey, thirty-three percent, presently provide such accruals. Within the near future approximately fifty-one percent will be allowing pension benefit accruals for their older workers. Eighty-five percent of the firms who presently allow accruals provide for wage increases and service credits. Seventy-seven percent allow continued contributions to the pension plan past the normal retirement age. The size of the business and its industrial sector is not significantly related to the provision of pension benefit accruals past the normal retirement age. Firms presently providing such accruals employ 254,664 workers.

Summary

The provision of a mandatory retirement age in a pension plan is significantly related to the size of the organization. As the number of employees increases, the incidence of mandatory retirement age policies also increases. Approximately fifteen percent of the firms in both the mail and the telephone surveys expect to raise their normal retirement age to 70 years. This action may have a significant effect on the retirement ages of their employees. Although not required, over one-half of the firms in both samples expect to allow pension benefit accruals for workers past the normal retirement age in the near future.

Personnel Policies

The 1,636 firms responding to the mail survey were asked to indicate their company's position on four alternative work plans by circling one of five possible answers ranging from "Implemented" to "Not Considered."

The selected four plans are among those most frequently advocated in the literature¹⁴ to encourage continued labor force participation by older workers.

Flexitime. Flexible work hours, or flexitime for short, offers employees the opportunity to choose their own arrival and departure time from work within limits set by management.¹⁵ Presently, the research evaluating flexitime show no negative results.¹⁶ As Hartley points out, flexitime has fewer serious disadvantages and is easier to implement than policies such as the compressed work week.¹⁷ Nollen predicts that flexitime will continue its rapid growth of the past few years which saw it rise from essentially no use in the U.S.A. in the early 1970's to an estimated thirteen percent of all organizations and six percent of all workers in 1977. Glueck indicates that in 1979 in the U.S., about 1,000 enterprises used flexitime and about 500,000 employees worked flexitime schedules.

The findings from this study indicate that approximately fourteen percent of employers have implemented flexitime programs and another three percent are beginning implementation. Seventeen percent are giving flexitime preliminary or serious consideration. Sixty-six percent of the respondents indicate that their companies are not considering flexitime. (See Table 4.). The firms which have implemented or are beginning to implement flexitime employed twenty-four percent of the workers covered by the survey. Given the

Table 4
 COMPANY POSITION ON ALTERNATIVE WORK PATTERNS--
 PERCENTAGE OF FIRMS RESPONDING

	FLEXITIME	PART TIME OPTIONS	FLEXIBLE WAGE SCHEDULES	INCREASED VACATION/ SABBATICAL
IMPLEMENTED	14%	19%	7%	6%
BEGINNING IMPLEMENTATION	3%	3%	2%	2%
SERIOUS CONSIDERATION	6%	12%	5%	4%
PRELIMINARY CONSIDERATION	11%	16%	10%	9%
NOT CONSIDERED	66%	50%	76%	79%
TOTAL	100%	100%	100%	100%

increased incidence of affirmative action plans in large firms and the advocacy of flexitime by women's groups, larger organizations were expected to have adopted flexitime programs more often than small firms. The survey results indicate that this is not the case. The size of the employer, defined as the total number of employees, had no significant association with the company position on flexitime. The smaller firms were just as likely to have adopted flexitime as the largest firms. The highest percentages of implementation occurred in the categories of firms with 50-99 employees and 100-249 employees.

There were no significant relationships between the firms' industrial sector, the percentages of white or blue collar workers, or the number of years the firm had been in business with the companies' position on flexitime policies. Although the number of firms implementing or considering flexitime appears to be increasing, the analysis of the results of this study did not uncover any particular pattern in the adoption of flexitime.

Part-Time Options. Permanent part-time employment is viewed as an attractive alternative to traditional full-time employment for members of labor force sub-groups who desire to maintain their labor force attachment while pursuing other activities or performing other duties. For older workers, part-time employment allows continued productive activity while phasing into retirement. In 1977, approximately fifteen percent of the employed civilian labor force worked part-time. Nollen, in considering the adoption of various alternative work patterns, suggested that in the future part-time employment would increase in usage, but more slowly and uncertainly than flexitime. Part-time employees are often viewed as "different" from full-time workers. The problems involved in the scheduling of work hours for part-time persons and extra personnel costs may discourage employers from implementing part-time options.

The findings of this survey appear to indicate that although only a small number of firms have currently implemented part-time programs, many are considering them. Nineteen percent of the responding firms indicated they had implemented part-time option policies, such as job-sharing. Another three percent indicated they were beginning to implement such policies. Fifty percent of the respondents indicated their company had "Not Considered" part-time options. (See Table 4.) The firms which had adopted such policies covered eleven percent of the employees included in the sample. As with flexitime, there was no significant relationship between the size of the firm and the company's position on part-time options. There is a significant relationship between industrial sector and the company's position on part-time options for older workers. Not surprisingly, firms in the industrial sectors of wholesale and retail trade and services are more likely to have considered or adopted part-time options policies. The number of years a company has been in existence is also associated ($p < .06$) with the company's position on part-time options. Generally, the longer companies have been in business, the more likely they are to have adopted part-time options policies. In summary, part-time options are available to only eleven percent of the labor force covered by this sample. But, firms employing eleven percent are considering adopting such programs.

Phased Retirement and Increased Vacation/Sabbaticals. Two additional alternative work patterns have been advocated to allow older workers to continue in employment past retirement age. Phased retirement was defined in this study as flexible wage schedules--a policy which allows a qualified employee to receive a partial pension while receiving partial wages according

to his or her hours of work. Seven percent of the respondents indicated that their companies had implemented a flexible wage schedule policy. Another two percent are beginning implementation and fifteen percent are considering such a policy. (See Table 4). Three percent of the employees covered by this study work for firms which offer flexible wage schedules. Companies' positions on flexible wage schedules are not significantly related to the size of the firm, although smaller companies appear slightly more likely to implement such a policy than large firms.

Increasing vacation time and/or providing sabbatical leaves would allow older employees to pursue avocational interests while maintaining employment. Six percent of the respondents indicated they had implemented such policies and another two percent are beginning implementation. Seventy-nine percent of the companies have not considered such policies. (See Table 4). Three percent of the employees covered by this survey were employed by firms offering such policies. There is no significant relationship between organizational size or industrial sector and company position on increased vacation time and/or sabbatical leave.

Pre-Retirement Planning Programs. The ADEA amendments and the subsequent changes in employer benefits provide employees with more varied options for retirement. The changes in pension benefit accruals for workers past the normal pension retirement age and the varying adjustments of welfare benefits should lead to increased pre-retirement counseling programs by employers. Changes in such policies should be clearly communicated to older workers so they may knowledgeably prepare themselves for retirement. The increased options make pre-retirement counseling even more important than in previous years.

The provision of pre-retirement programs by employers has been increasing in the past decades. Nevertheless, a large percentage of employers in 1979 do not provide such programs for their employees. In the mail survey, respondents were asked whether they provided pre-retirement programs for their employees. Eleven percent indicated they had such programs and an additional nine percent plan to begin a pre-retirement program. The provision of pre-retirement programs was significantly related to organizational size and industrial sector with larger firms and those in finance, insurance and real estate having the largest incidence of pre-retirement programs.

Telephone Sample. Personnel interviewed in the telephone sample of 256 large companies were asked if their companies had considered or adopted alternative work policies such as flexitime, part-time options, job redesign, increased vacation time, etc. Nineteen percent of the sample answered "yes" to the question. There was no significant relationship between the adoption or consideration of such programs and size of the organization or industrial sector. There was also no significant relationship between a "yes" response and the presence or absence of an affirmative action plan for women.* The companies which indicated they had adopted or considered alternative work policies employed twenty-four percent of the sample, or 351,825 workers.

The companies which indicated they had implemented or considered alternative work policies were asked to describe their policies. The responses generally fell into four categories - flexitime, reduced hours or part-time options, shifting job responsibilities for older workers, and active investigation of various alternative work patterns.

*The absence of a significant relationship between alternative job policies and affirmative action plans may be due to the fact that seventy-nine percent of the companies had affirmative action plans.

Five percent of the firms in the total sample have adopted or considered flexitime. These firms employ two percent of the employees covered in the sample or 35,879 total employees. Twelve percent of the respondents, employing ten percent of the sample or a total of 155,281 workers, answered that their company had considered or implemented programs providing part-time options or reduced hours. One percent of the firms have adopted or considered shifting job responsibilities for older workers. These firms employ two percent of the sample population or 35,600 workers. Active consideration of alternative work patterns was reported by another one percent of the firms employing less than one percent of the sample, or 7,000 workers.

Summary. The incidence of flexitime programs appears to be increasing. Approximately twelve percent of the total firms responding had or were implementing flexitime programs. These firms employed a total of 157,487 employees or eight percent of the employees covered by the sample. Part-time options policies have been adopted by seventeen percent of the total firms responding. Firms offering part-time options policies employed 212,256 workers or eleven percent of the total sample. Phased retirement and increased vacation and/or sabbatical leaves are offered by only a small percent of the firms sampled. There was no significant relationship between size of the firm and alternative work policies. Given the increasing complexity of older worker benefits and the strong association between pre-retirement planning and both retirement satisfaction and an adequate retirement income, companies should strongly consider either offering pre-retirement programs or providing employees with the opportunity to take such courses, perhaps at company expense, from institutions in their communities.

CONCLUSION

Recent research projects designed to determine the preliminary impact of the Age Discrimination in Employment Act Amendments have found that employers do not expect the ADEA amendments to have a significant impact on the retirement patterns of their workers within the near future. The raising of the mandatory retirement age to seventy and the prohibition of involuntary early retirement policies will not result in major shifts in retirement decisions. But, continued high rates of inflation combined with the option to continue working past age sixty-five may result in an end to the trend toward early retirement and/or in significant numbers of workers choosing to remain in the labor force past the normal retirement age. Inflation appears to be the primary factor which employers expect will affect retirement patterns.

The great majority of firms who previously had a mandatory retirement age have chosen not to abolish their mandatory retirement age practices. Instead, most employers have simply raised the age to seventy. The provision of a mandatory retirement age in a pension plan is significantly related to the size of the organization. Large organizations are more likely to have mandatory retirement age policies. Although not required by the ADEA amendments, over one-half of the employers surveyed by the Institute on Aging expect to provide pension benefit accruals for workers past the normal retirement age. Increasing numbers of firms are considering and/or implementing alternative work policies such as flexitime, part-time options, phased retirement and increased vacation time. If high rates of inflation do result in higher rates of labor force participation for older workers, many employers will need to carefully reexamine their older worker benefit and appraisal systems.

Footnotes

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⁵Shirley H. Rhine, Older Workers and Retirement, Conference Board, 845 Third Avenue, N.Y. 1978.

6 Rian M. Yaffe. "Changing Retirement Patterns; Their Effect on Employee Benefits", The Personnel Administrator, February 1979, p. 29.

7. Johnson and Higgins commissioned Harris Poll. 1979 Study of American Attitudes Toward Pensions and Retirement. 95 Wall Street, N.Y. 1979.

8. Ibid., p.15

9. Ibid, p. 18

10. Ibid, p. 20

11. Letter from Dr. Herbert Parnes to Lois F. Copperman, October 19, 1979.

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